



INDUSTRY CIRCULAR

DEPARTMENT OF
THE TREASURY

Bureau of Alcohol, Tobacco and Firearms

Washington, D.C. 20226

Number: 75-14

Date: September 17, 1975

INCREASED RATE OF INTEREST

Proprietors of distilled spirits plants and bonded wine cellars; manufacturers of tobacco products, cigarette papers and cigarette tubes; brewers; wholesale dealers in alcoholic beverages; and others concerned.

PURPOSE. This circular advises industry members and others concerned that, effective July 1, 1975, the rate of interest was increased to an annual rate of 9 percent. The increased rate of interest applies both to special (occupational) taxes and excise (commodity) taxes.

ATF published a Treasury decision, T.D. ATF-18, in the Federal Register on July 17, 1975. The Treasury decision amended 27 CFR Part 194, Liquor Dealers, to implement the increased rate of interest as it applies to delinquent special taxes paid by liquor dealers. No other regulatory changes were made since §194.110 was the only section of ATF's regulations which specifically referred to the former 6 percent rate of interest. However, we wish to point out that the increased rate of interest also applies to excise taxes. If the proprietor of a distilled spirits plant failed to pay excise taxes on time, for example, interest would be assessed at an annual rate of 9 percent.

Section 7 of Public Law 93-625 initially increased to 9 percent the rate of interest which is assessed on underpayment or erroneous refund of taxes and which is allowed in the case of overpayment of taxes. In addition, the public law provides for future "adjusted rates of interest" which could replace the new 9 percent rate to reflect significant changes in the prime rate of interest.

INQUIRIES. Inquiries regarding this circular should refer to its number and be addressed to the Assistant Director, Regulatory Enforcement, Bureau of Alcohol, Tobacco and Firearms, Federal Building, 12th and Pennsylvania Avenue, N.W., Washington, D.C. 20226.

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